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International Trade in Education Services

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INTRODUCTION

The Australian Bureau of Statistics (ABS) measures international trade in education services as part of its Balance of Payments (BOP) statistics. This article explains the way education services are recorded in the BOP statistics and how this reflects the different forms in which these services are supplied.

MODES OF SUPPLY

For Australia, the most significant export of education services is through foreign students visiting Australia for study purposes (includes primary, secondary, tertiary and vocational education, and English language training). In the BOP statistics, this is covered by the service type **education-related travel services**. Education-related travel services cover expenditure, such as tuition fees and living expenses, by foreign students in Australia. Conversely, expenditure by Australian students abroad is an import of an education-related travel service. Many foreign students studying in Australia work part-time. The income earned from this employment is included, but not identified separately, in the BOP statistics as a debit under the income type **compensation of employees**.

The education service above, where the consumer of the service (the student) moves to the country that supplies the service is considered by the World Trade Organisation (WTO) General Agreement on Trade in Services (GATS) as "mode of supply 2: consumption abroad". Another education service can be supplied through an Australian education institution providing teaching and tutoring to a person who remains overseas. For example, the service could be delivered via the internet or by an Australian resident lecturer travelling overseas on behalf of the institution. These types of education services are included in the service type **other personal, cultural and recreational services**. Under the WTO GATS, these services are considered "mode of supply 1: cross border" if the service is provided by post, internet or TV, or are considered "mode of supply 4 : presence of natural persons" if the lecturer travels to the other country to present the material.

In the case where the Australian institution establishes a presence in the foreign country, for example by establishing a campus or by entering into a joint venture with an institution in the foreign country, the GATS considers it "mode of supply 3: commercial presence". Following international standards, the BOP statistics exclude the value of services provided overseas through commercial presence because the service is provided by an institution that is not resident in Australia to another non-resident. International investment position statistics reflect the ownership of the affiliated unit overseas by the "parent" institution in Australia and the BOP statistics include all transactions between these units (e.g. any income flows, or any services provided to and from the units and their Australian owners). However, these data are not identified separately for education businesses.

PUBLISHED ESTIMATES

Education-related travel services are identified separately in both the annual publication **Balance of Payments and International Investment Position, Australia** (Cat. no. 5363.0) and the quarterly **Balance of Payments and International Investment Position, Australia** (Cat. no. 5302.0). For example, the education-related travel services are included in tables 18 and 19 of this publication and the education component of personal, cultural and recreational services is included in tables 11 and 12 of the annual publication. These latter data are not identified separately on a quarterly basis due to confidentiality constraints.

EDUCATION-RELATED SERVICES: Original

	1997-1998	1998-1999	1999-2000	2000-2001	Sep Qtr 2001
	\$m	\$m	\$m	\$m	\$m
Travel services					
Personal					
Education-related					
Credits	3,098	2,980	3,422	4,038	1,166
Debits	-572	-547	-593	-665	-243
Personal, cultural and recreational services					
Other personal, cultural and recreational services					
Education					
Credits	166	160	225	193	n.p.
Debits	-41	-54	-61	-52	n.p.

QUALITY OF ESTIMATES

The quality of education-related travel services estimates in BOP statistics is considered to be quite good, reflecting the availability of good administrative data sources. The Department of Education, Training and Youth Affairs compiles estimates of expenditure by overseas students in Australia on both education fees and on other goods and services. The Department of Immigration and Multicultural Affairs provides information on resident and non-resident arrivals and departures by purpose of visit and student visas issued.

For the education component of personal, cultural and recreational services (which reflects modes 2 and 4, where the consumer of the education service remains in their own country), there is no administrative data source. The ABS surveys a sample of relevant units, predominantly tertiary education institutions, to collect information on this type of international trade in education services. It is a challenge for the ABS to identify all the units undertaking this type of activity and also a challenge for those institutions to estimate the value of this activity using their existing management and accounting systems and the range of decentralised information in individual academic departments, faculties and schools. The ABS is continuing to work with respondents to improve the quality of information on this type of education service.

FURTHER INFORMATION

Further information and longer time series for these data can be obtained by contacting Daniel

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